



**North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

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Beverly Eaves Perdue, Governor
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Steve Jordan, Director

February 4, 2011

Memorandum

To: Directly Enrolled MH/SA/DD Medicaid Providers of Targeted Case Management

From: Sandee Resnick, Acting Accountability Team Leader
DMH/DD/SAS, Resource & Regulatory Management Section

Subject: 2011 Audit of Medicaid Service Providers of Targeted Case Management

Your agency is required to participate in the 2011 audit of Targeted Case Management. Between March 1, 2011 and March 31, 2011 the NC Department of Health and Human services will conduct Medicaid audits of directly enrolled Medicaid service providers. **Enclosed with this memo is the schedule that indicates the specific location, date and time of your audit. Each provider's list of records to be reviewed will be distributed approximately two weeks prior to the appointment date.**

Please keep this letter throughout the audit process for reference purposes.

**Note: All documents required for preparation for this audit event
will be posted on the DMH/DD/SAS website by 2/16/11:**

<http://www.ncdhhs.gov/mhddsas/audits/index.htm>

Audit Process and Components:

- **For specific information on the audit tool and instructions, please download the following information from the DMH/DD/SAS website (to be posted by February 16, 2011):**
 - ✓ Medicaid tool guidelines
 - ✓ Staff Qualifications Checklist
 - ✓ Directions to each audit site



The following information will be sent via UPS/signature required approximately 2 weeks prior to each scheduled audit week:

- ✓ List of service records to be audited (this list will *not* be posted on the web). The list will include names, birth dates and Medicaid ID numbers. If an individual's name is listed more than once, it means that more than one date of service was randomly chosen for audit from that person's record.

All events for the Medicaid audits will be drawn from paid claims. **These paid claims dates include services provided on any date between November 1, 2010 through January 31, 2011**. Therefore, service records brought to the audit site must include required documentation for services delivered between **November 1, 2010 through January 31, 2011**. **No faxes of missing service documentation or personnel information will be accepted during the audit.**

- The Medicaid samples will consist of ten (10) primary and five (5) backup service dates randomly selected per provider. A total of fifteen (15) events will be identified for possible use in each audit.
- If any service event in the audit sample was repaid to Medicaid prior to the provider's receipt of the list of records to be audited, that event will be omitted and the next numbered event from the back-up list will be substituted. Evidence of the repayment will need to be available during the audit.
- On the date of the audit, service records and personnel files must be present at the audit site indicated on the audit schedule. All individual agencies are responsible for maintaining or arranging the security of their records.
- Each Medicaid provider must have staff persons who are familiar with agency records available at the audit site.
- **Please note: No faxes of missing service documentation or personnel information will be accepted during the audit. It is very important to bring all required documentation to the audit site.**
- Service documentation needed for the audit **must include what was current and in place for all possible dates of service from:**

November 1, 2010 through January 31, 2011

- Documentation required on-site for all services includes:
 - ✓ **Service Authorizations** for all possible dates of service.
 - ✓ **Service Orders** for all possible dates of service.
 - ✓ **Person Centered Plans** current for all possible dates of service. (Note: this could be a PCP that is prior to the current one, i.e., is not in effect now, but was at the time of the service date being reviewed.)
 - ✓ **Service Documentation** for all possible dates of service.
 - ✓ **Assessment(s) used to verify medical necessity for the service.**
 - ✓ **Evidence of meeting entrance criteria and continuation criteria.**
 - ✓ **Staff training / qualifications** in place for all possible dates of service, per the Qualifications Checklist posted on the web. **If your agency purges personnel files, be sure to bring records of all training current for the dates of services being audited (November 1, 2010 through January 31, 2011).**
 - ✓ Evidence that the Medicaid provider agency required **disclosure of any criminal conviction** by the staff person(s) who provided the service.
 - ✓ **Health Care Personnel Registry checks** current for all possible dates of service.
 - ✓ **Policy and Procedure Manual** including policies in effect for all possible dates of service.
 - ✓ **Legal documents related to guardianship and/or the legally responsible person** when applicable, i.e., in instances where the natural parent is not the guardian of a child, or when an adult has been adjudicated incompetent.



Please have all items available for review at the audit site. No additional information will be accepted at the audit including: faxes, emails, information via phones, etc.

Additional Information from the Division of Medical Assistance (DMA):

- This is a targeted audit on a limited sample of issues identified on the Medicaid audit tools. This audit does not represent all the items or issues that may be reviewed by DMA or other entities such as the NC Attorney General's office as allowed by applicable policies, State and Federal Regulations.
- DMA Program Integrity has the authority and responsibility to expand the scope of this audit as necessary to encompass all applicable recoupment or other sanctions.

Audit Completion:

- At the completion of the record review, the audit team will leave copies of the completed Medicaid audit tools which will include those events found out of compliance. This transaction acts as informal notification of events found out of compliance. Please note that there may be revisions to the on-site findings when the audit tools are reviewed by an audit team leader.
- **Requests for reconsideration of Medicaid audit findings are directed to the Division of Medical Assistance (DMA).** Information on the DMA process and timelines for submitting such requests will be included in the DMA letters received in conjunction with the formal Summary of Findings report.
- **Out of compliance findings that represent a systemic issue may require that a Plan of Correction (POC) be submitted to the Division of MH/DD/SAS.** Information on the DMH/DD/SAS process and timelines for submitting POCs will be included in each agency's formal Summary of Findings report.

Contacting Us

- If you have not already provided information via a phone call from a member of the Compliance Unit of the MH/DD/SA Accountability Team regarding the contact person for future communication about the logistics of the audit process, please provide us with that information by contacting Belinda Beardsley at: Belinda.Beardsley@dhhs.nc.gov, (919) 881-2446 or (919) 508-0968 (FAX).
- If you have questions concerning the information in this memorandum, or anything else related to the upcoming 2011 audit event, please contact one of the following people:

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Barbara Flood
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We look forward to a successful audit.

cc: Catharine Goldsmith
Clarence Ervin
Patrick Piggott
DMH/DD/SAS Executive Leadership Team (ELT)

